

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 SAM-01 COME-00 EB-11 LAB-06 SIL-01 OMB-01

TRSE-00 DRC-01 /124 W

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R 310930Z JAN 74

FM AMEMBASSY DUBLIN

TO SECSTATE WASHDC 5351

INFO AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: ELAB, EI

SUBJ: WORKERS VOTE AGAINST ANOTHER PAY AGREEMENT

REF: A-7, JAN 23, 1974, DUBLIN 1651, DEC 14, 1973

1. A SPECIAL CONFERENCE OF IRISH CONGRESS OF TRADE UNIONS (ICTU) MET JANUARY 29 AND VOTED TO REJECT A DRAFT NATIONAL PAY AGREEMENT. IF ACCEPTED, AGREEMENT WOULD HAVE BEEN THIRD IN A ROW. IT WOULD HAVE PROVIDED SUBSTANTIAL PAY INCREASES, WITH PERCENTAGES VARYING WIDELY FOR DIFFERENT CATEGORIES. WAGE INCREASE WOULD HAVE BEEN PROTECTED AGAINST COST-OF-LIVING INCREASES BY AN ESCALATOR CLAUSE.

2. REJECTION CAME AS A MILD SURPRISE, SINCE TOP UNION LEADERS, AS WELL AS GOI, HAD STAKED PRESTIGE ON WORKER ACCEPTANCE. UNTIL LAST FEW DAYS, UNION LEADERS STILL EXPECTED THAT WORKERS WOULD ACCEPT BY NARROW MARGIN. BASIC FEAR OF WORKERS, HOWEVER, SEEMS TO HAVE BEEN THAT AGREEMENT'S RESTRAINTS WOULD HAVE FAVORED EMPLOYERS RATHER THAN WORKERS

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IN AN INFLATIONARY SITUATION.

COMPOUNDING THIS PROBLEM IS DEEP WORKER RESENTMENT OF UNEQUAL DISTRIBUTION OF WEALTH. MANY WORKERS FEEL THEY HAVE BEEN ASKED TO EXERCISE ALL THE RESTRAINT, WHILE THE BOSSES TOOK ALL THE PROFITS. INCOME-TAX STRUCTURE HAS BECOME A KEY ISSUE IN THIS ARGUMENT. UNIONS ARE CONCERN BY FACT THAT TAX STRUCTURE BEARS HEAVILY ON THOSE WITH LOW SALARIES, WHILE FARMERS PAY NO INCOME TAX AT ALL AND SPECULATORS PAY NO CAPITAL-GAINS TAX.

3. UNION WERE SHARPLY DIVIDED OVER NEW AGREEMENT, HOWEVER, WITH WOMEN AND OTHER LOW-PAID WORKERS IN FAVOR, WHILE HIGHLY-PAID CRAFT WORKERS OPPOSED.

4. THERE MAY BE AN ATTEMPT TO RENEGOTIATE AGREEMENT AND GIVE WORKERS ANOTHER VOTE. GOI, EMPLOYERS, AND SOME UNION LEADERS WILL BE IN FAVOR OF ATTEMPT, AS WILL BE VIRTUALLY ALL MEDIA AND ECONOMISTS. ATTEMPT WILL BE EXTREMELY DIFFICULT, HOEN SINCE MANY CONTRACTS SIGNED UNDER PREVIOUS WAGE AGREEMENT HAVE ALREADY EXPIRED. IF RENEGOTIATIONS START, GOVERNMENT WOULD CERTAINLY HAVE TO BE MORE RESPONSIVE ON ISSUE OF PRICES AND TAXES.

5. MINISTER OF LABOR HAS EXPRESSED DISAPPOINTMENT, AS WELL HE MIGHT. HE POINTS OUT THAT DEFEAT OF AGREEMENT WILL WORK AGAINST LOW-PAID WORKERS, INDUSTRIAL PEACE, AND CREATION OF NEW JOBS.

6. THIS COULD ALSO BE FIRST SERIOUS POLITICAL DEFEAT FOR NEW GOI -- UNLESS IT CAN FIND SOME WAY TO START NEGOTIATIONS AGAIN. OPPOSITION FIANNA FAIL PARTY WILL UNDOUBTEDLY RIDICULE A GOVERNMENT WHICH INCLUDES LABOR PARTY BUT CANNOT DELIVER A WAGE AGREEMENT.

6. REJECTION OF AGREEMENT WILL ALSO BE TAKEN AS BAD SIGN FOR IRISH ECONOMY, THOUGH IT IS IMPOSSIBLE AT THIS STAGE TO MAKE DETAILED PROJECTIONS. FROM STRICTLY ECONOMIC POINT OF VIEW, THE REJECTED DRAFT WAS ALREADY INFLATIONARY. MOORE

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